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SUBJECT: SMER PARTY CONFERENCE PRESENTS A MODERATE FICO

¶1. (U) Summary: Party chairman Robert Fico presented an unexpectedly moderate position at Smer - Socialna Demokracia's weekend conference. He acknowledged for the first time that some of the current government's reforms might be useful, and laid down strict adherence to European rules allowing Slovakia to adopt the Euro by January 1, 2009 as a precondition for a future ruling coalition that includes his party. Fico was immediately followed by a speaker who criticized the concentration of foreign firms in Slovakia and the impact of globalization, and questioned whether economic growth is truly necessary to fund social benefits. Interestingly, Fico and several others left the dias during this presentation. End Summary.

¶2. (U) In a conference room decorated with the words of Article 55(1) of the Slovak constitution, "The economy of the Slovak Republic shall be based on the principals of a socially and ecologically oriented market economy," Chairman Fico delivered a 45-minute speech at his party's weekend conference. Fico opened by reminding the audience twice that the draft document included in the discussion materials was not a platform for the upcoming campaign, but merely a working discussion document. He then repeated the same warning a third time for guests from the diplomatic corps, and a fourth time for members of the media. (Comment: Smer's official platform should be released at the end of April or the beginning of May. End Comment.)

WHAT'S WRONG IN SLOVAKIA?

¶3. (U) Fico gave three reasons why Slovaks should be dissatisfied with the current government:

- Slovakia has the second highest unemployment in the EU;
- Slovakia has the most extreme regional disparities in economic development;
- Slovaks have the lowest salaries among EU member states.

Fico added that even that lowest average salary is actually not as good as it seems, since high economic disparity means that the majority of Slovaks earn 5,000 SKK (APPROX USD 160) per month less than the average. Answering a common criticism of his party, Fico acknowledged that Smer includes several very wealthy individuals. He pointed out, however, that Smer also embraces many poorer members. All that matters is that every member of the party embrace the principle of solidarity, and Fico said he was prepared to remove any member who does not.

A PREVIEW OF SMER'S PLATFORM

¶4. (U) Fico announced that Smer's platform would stand on three pillars: a return to the "social state," community solidarity, and a return to a "just state." He also listed three principles that his party would insist upon before

joining any coalition government:

- that all parties would be consulted on major legislation, whether they were in government or not, to ensure that future reforms would not risk being overturned every four-year election cycle;
- that long-term economic growth of at least 3 percent must be a priority since only economic growth can guarantee the resources needed for the return to a social state;
- that Slovakia will strictly adhere to all European rules so that the Euro can be adopted by January 1, 2009.

¶15. (U) Fico acknowledged that not all of the reforms of the current government have been bad for Slovakia, and said a Smer government would be willing to keep reforms that have been good for Slovakia and fix those that are merely broken. Some of the reforms, however, cannot be fixed and must be repealed. Fico gave as an example of the later the reforms to the pension system and the health-care sector which were enacted in order to allow a specific group to take control of the last public wealth and public property not already privatized.

¶16. (U) Fico asked rhetorically if anyone doubted that another right-oriented government would quickly seek to enact University tuition fees, thus further increasing disparity and providing an opening for the school system to have its funding cut even further. Fico said that businesspeople had complained to him that Slovakia's educational and research facilities have been losing quality, and this is making Slovakia a less attractive place to do business. Fico compared taking money from the Education and Research sectors to a theft of the future resources of the Slovak state.

OTHER VOICES HEARD

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¶17. (U) Fico was followed at the podium by an economist, Dr. Peter Stanek of the Slovak Academy of Sciences, who opened by citing the high number of foreign owned firms in Slovakia as a risk to independence and economic security. Fico sat briefly with his head in his hands and then got up and left the table, only to return as the next speaker began. During Stanek's speech at least four other men left the main table. Stanek also questioned the merits of globalization, expressed concern about Slovakia's energy security, and argued that economic growth is not a precondition for development.

¶18. (SBU) Comment: Fico spoke in shirt-sleeves after inviting the assembled delegates in the over-crowded and over-heated conference room to remove their jackets and loosen their ties. Poloff estimates that female delegates and guests constituted no more than 5 percent of the total. Fico seemed at times to be as concerned with tempering expectations as with raising spirits. The Czech PM arrived in the afternoon and gave a speech in support of Smer during which he referred to Fico as "my dear Robert" ("mily Robert"). The only Ambassador present was Russian Ambassador, though several Embassies sent representatives. End Comment.

VALLEE